



## **COAST COPPER CORP.**

(An Exploration Stage Corporation)

### **CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

(Unaudited - Expressed in Canadian Dollars)

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## **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors of Coast Copper Corp.

Coast Copper Corp.'s independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

**COAST COPPER CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - expressed in Canadian dollars)

	Note	September 30, 2022	December 31, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash	11	74,385	1,449,264
Receivables		65,159	127,234
Prepaid expenses and deposits		6,000	56,302
Marketable securities	3	34,633	121,214
		<b>180,177</b>	<b>1,754,014</b>
<b>Non-Current</b>			
Property		5,698	-
Exploration and evaluation assets	4, 11	1,134,199	911,608
Reclamation deposit		13,642	13,642
		<b>1,153,539</b>	<b>925,250</b>
		<b>1,333,716</b>	<b>2,679,264</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	10(b)	244,902	265,644
Flow-through share premium liability	6	-	116,837
		<b>244,902</b>	<b>382,481</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	9,995,738	9,555,622
Other equity reserves	5(e)	381,614	326,658
Deficit		(9,288,538)	(7,585,497)
		<b>1,088,814</b>	<b>2,296,783</b>
		<b>1,333,716</b>	<b>2,679,264</b>

**Nature of operations and going concern (Note 1)**  
**Subsequent events (Notes 4(a)(iii), 4(a)(iv) and 11)**

Approved on behalf of the Board:

"Dale Wallster", Director

"Adam Travis", Director

**COAST COPPER CORP.**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30**  
(Unaudited - expressed in Canadian dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>Expenses</b>					
Consulting	10(a)	16,250	40,231	57,235	125,931
Director fees	10(a)	16,500	-	49,500	-
Exploration expenditures	4, 10(a)	100,193	108,584	1,103,418	398,919
Investor relations		36,096	2,079	185,781	13,648
Office and administration		19,339	11,663	41,105	21,452
Professional fees		24,767	19,731	62,540	50,827
Salaries and personnel costs	10(a)	50,059	21,028	160,034	50,152
Share-based payments expense	5(e), 10(a)	16,509	-	103,920	23,635
Transfer agent, regulatory and filing fees		(641)	1,994	16,704	10,423
Travel and accommodation		648	1,423	648	1,423
		<b>279,720</b>	<b>206,733</b>	<b>1,780,885</b>	<b>696,410</b>
<b>Other items</b>					
Interest income		(258)	(603)	(1,809)	(2,290)
Exploration and evaluation asset recovery	4(a)(iii)	-	-	-	(15,391)
Settlement of flow-through share premium liability on incurring eligible expenditures	6	-	-	(116,837)	-
Unrealized loss (gain) on marketable securities	3	17,316	5,000	86,581	(55,000)
Write-off of exploration and evaluation asset	4(a)(vii)	-	-	1,066	-
		<b>17,058</b>	<b>4,397</b>	<b>(30,999)</b>	<b>(72,681)</b>
<b>Loss and comprehensive loss for the period</b>		<b>(296,778)</b>	<b>(211,130)</b>	<b>(1,749,886)</b>	<b>(623,729)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>
<b>Basic and diluted weighted average number of shares outstanding</b>		<b>55,566,907</b>	<b>40,939,499</b>	<b>55,430,811</b>	<b>40,936,616</b>

**COAST COPPER CORP.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited - expressed in Canadian dollars)

	Note	Number of shares	Share capital \$	Other equity reserves \$	Deficit \$	Total \$
<b>Balance, December 31, 2020</b>		<b>40,935,151</b>	<b>8,220,247</b>	<b>298,682</b>	<b>(6,382,767)</b>	<b>2,136,162</b>
Loss for the period		-	-	-	(623,729)	(623,729)
Shares issued pursuant to acquisition of mineral properties	5(b)	400,000	36,000	-	-	36,000
Share-based payments expense	5(e)	-	-	23,635	-	23,635
Reclass of forfeited stock options	5(e)	-	-	(46,822)	46,822	-
<b>Balance, September 30, 2021</b>		<b>41,335,151</b>	<b>8,256,247</b>	<b>275,495</b>	<b>(6,959,674)</b>	<b>1,572,068</b>
Loss for the period		-	-	-	(657,038)	(657,038)
Private placement, net of share issue costs		13,961,539	1,568,221	23,590	-	1,591,811
Flow-through share premium liability		-	(268,846)	-	-	(268,846)
Share-based payments expense		-	-	58,788	-	58,788
Reclass of forfeited stock options		-	-	(31,215)	31,215	-
<b>Balance, December 31, 2021</b>		<b>55,296,690</b>	<b>9,555,622</b>	<b>326,658</b>	<b>(7,585,497)</b>	<b>2,296,783</b>
Loss for the period		-	-	-	(1,749,886)	(1,749,886)
Private placement, net of share issue costs	5(b)	8,000,000	391,497	-	-	391,497
Shares issued pursuant to acquisition of mineral properties	5(b)	600,000	36,000	-	-	36,000
Share-based payments expense	5(e)	-	-	103,920	-	103,920
Shares issued pursuant to warrant exercise	5(b)	105,000	10,500	-	-	10,500
Reclass of exercised warrants	5(e)	-	2,119	(2,119)	-	-
Reclass of expired warrants	5(e)	-	-	(46,845)	46,845	-
<b>Balance, September 30, 2022</b>		<b>64,001,690</b>	<b>9,995,738</b>	<b>381,614</b>	<b>(9,288,538)</b>	<b>1,088,814</b>

**COAST COPPER CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30**  
(Unaudited - expressed in Canadian dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>Operating Activities</b>					
Loss for the period		(296,778)	(211,130)	(1,749,886)	(623,729)
Items not involving cash:					
Settlement of flow-through share premium liability	6	-	-	(116,837)	-
Share-based payments expense	5(e)	16,509	-	103,920	23,635
Unrealized loss (gain) on marketable securities	3	17,316	5,000	86,581	(55,000)
Write-off of exploration and evaluation asset		-	-	1,066	-
Net change in non-cash working capital	7	(134,635)	(32,222)	91,635	(54,820)
<b>Cash used in operating activities</b>		<b>(397,588)</b>	<b>(238,352)</b>	<b>(1,583,521)</b>	<b>(709,914)</b>
<b>Investing Activities</b>					
Acquisition of exploration and evaluation assets	4	(152,306)	(100,000)	(189,962)	(112,683)
Purchase of property		(5,698)	-	(5,698)	-
Sale of exploration and evaluation assets	4	2,305	-	2,305	-
Purchase of reclamation bond		-	-	-	(13,642)
<b>Cash used in investing activities</b>		<b>(155,699)</b>	<b>(100,000)</b>	<b>(193,355)</b>	<b>(126,325)</b>
<b>Financing Activities</b>					
Proceeds received pursuant to private placement	5(b)	400,000	-	400,000	-
Share issue costs	5(b)	(8,503)	-	(8,503)	-
Proceeds pursuant to exercise of warrants	5(b)	-	-	10,500	-
<b>Cash provided by financing activities</b>		<b>391,497</b>	<b>-</b>	<b>401,997</b>	<b>-</b>
<b>Net decrease in cash</b>		<b>(161,790)</b>	<b>(338,352)</b>	<b>(1,374,879)</b>	<b>(836,239)</b>
Cash, beginning of period		236,175	965,711	1,449,264	1,463,598
<b>Cash, end of period</b>		<b>74,385</b>	<b>627,359</b>	<b>74,385</b>	<b>627,359</b>
<b>Supplemental cash flow information</b>	7				

**COAST COPPER CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(Unaudited - Expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Coast Copper Corp. ("**Coast Copper**" or the "**Corporation**") was incorporated as Roughrider Exploration Limited on December 7, 2011 under the British Columbia Business Corporations Act. Effective September 28, 2021, the Corporation changed its name from Roughrider Exploration Limited to Coast Copper Corp. The Corporation is listed on the TSX Venture Exchange ("**TSX-V**") as a Tier 2 Mining Issuer under the trading symbol "COCO". The principal business of the Corporation is the exploration and evaluation of mineral properties. The principal focus of the Corporation is exploring its portfolio of mineral properties, including the Empire Mine property located on northern Vancouver Island, British Columbia ("**BC**"), its sole operating and geographical segment.

The address of the Corporation's head office and registered office is Suite 904 - 409 Granville Street, Vancouver, BC, Canada, V6C 1T2.

These condensed interim financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Corporation realized a loss of \$1,749,886 for the nine months ended September 30, 2022 (2021: \$623,729). At September 30, 2022, the Corporation had an accumulated deficit of \$9,288,538. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Corporation has incurred operating losses in its exploration operations and its ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Corporation to obtain necessary financing to complete their development and fund their operations until commercially successful and future production or proceeds from the disposition thereof. While the Corporation has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future, therefore, a material uncertainty exists that may cast significant doubt about the Corporation's ability to continue as a going concern.

These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Corporation to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Corporation's business or ability to raise funds.

**2. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**") using accounting principles consistent with International Financial Reporting Standards ("**IFRS**") as issued by the IASB.

These condensed interim financial statements should be read in conjunction with the Corporation's audited financial statements for the year ended December 31, 2021 which include the accounting policies used in the preparation of these condensed interim financial statements.

**COAST COPPER CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**  
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**2. BASIS OF PREPARATION** (continued)

These condensed interim financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the “**Board**”) approved these condensed interim financial statements on November 24, 2022.

**3. MARKETABLE SECURITIES**

Marketable securities are financial assets measured at fair value through profit or loss (“**FVTPL**”) and consisted of an investment of 865,817 free-trading common shares of Goldplay Mining Inc. (“**Goldplay**”) (Note 4(a)(iii)) at September 30, 2022. The fair value of marketable securities has been determined by reference to published price quotations in an active market, a Level 1 valuation.

A summary of the changes in FVTPL investments is presented below:

	\$
Balance December 31, 2021	121,214
Unrealized loss	<u>(86,581)</u>
Balance, September 30, 2022	<u><u>34,633</u></u>

**4. EXPLORATION AND EVALUATION ASSETS**

**a) BRITISH COLUMBIA**

**i) EMPIRE MINE PROPERTY**

On September 22, 2020, the Corporation entered into an option agreement to acquire a 100% interest in the Empire Mine property (the “**Empire Option Agreement**”) from Mirva Properties Ltd. (“**Mirva**”). The Empire Mine property consists of mineral claims (the “**Greater Empire Claims**”) and crown grants (the “**Quatsino Crown Grants**”) all located in the Rupert District on northern Vancouver Island, BC, near Port McNeill.

In order to earn a 100% interest in the Greater Empire Claims, the Corporation must make aggregate cash payments of \$750,000, issue 3,000,000 common shares of the Corporation to Mirva and complete work commitments totaling \$2,000,000 over a four-year period, as follows:

	<b>Cash payment</b>	<b>Share issuance</b>	<b>Work commitment</b>
	\$		\$
Upon regulatory approval	50,000 (paid)	200,000 (issued)	N/A
By September 22, 2021	100,000 (paid)	400,000 (issued)	200,000 (completed)
By September 22, 2022	150,000 (paid)	600,000 (issued)	400,000 (completed)
By September 22, 2023	200,000	800,000	600,000 (completed)
By September 22, 2024	<u>250,000</u>	<u>1,000,000</u>	<u>800,000 (completed)</u>
	750,000	3,000,000	2,000,000

In order to earn a 100% interest in the Quatsino Crown Grants, the Corporation must pay Mirva the equivalent of \$500,000 with either a cash payment or equivalent value in common shares of the Corporation, at the Corporation’s election, on or before September 22, 2025.



**COAST COPPER CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**  
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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**a) BRITISH COLUMBIA (continued)**

**i) EMPIRE MINE PROPERTY (continued)**

The Corporation has the option to extend the Quatsino Crown Grants payment date to September 22, 2026 for an additional payment of \$35,000, to September 22, 2027 for a further additional payment of \$55,000 and to September 22, 2028 for a further additional payment of \$75,000.

Mirva has retained a 2% net smelter return (“**NSR**”) royalty on the Empire Mine property, of which 1% may be purchased for \$1,000,000 at any time up to 120 days after commencement of commercial production. The Empire Option Agreement has been structured such that this NSR royalty plus all other NSR royalties which may currently exist and be payable on the Empire Mine property will not exceed in aggregate 2.5% before buydowns.

**ii) GIN, ELDERADO AND BONANZA PROPERTIES**

On April 13, 2020, the Corporation purchased a 100% interest in the Gin, Eldorado and Bonanza properties (collectively the “**Red Chris Properties**”) from Cazador (Note 10), Rene Bernard, an individual, and Elemental Partners LLP, a partnership controlled by the Corporation’s Chair of the Board, in consideration for 11,000,000 common shares of the Corporation (the “**Golden Triangle Acquisition**”), which were valued at \$660,000. The Red Chris properties are located in the Golden Triangle area of northern BC.

The Eldorado property claims are subject to a 2% NSR royalty, of which Cazador owns 50%. In October 2022, the Corporation sold its Red Chris Properties (see Note 11).

**iii) SCOTTIE WEST PROPERTY**

In May 2020, the Corporation staked the Scottie West property located in the Golden Triangle area of northern BC, near the District of Stewart. Staking costs totaled \$11,128.

On November 20, 2020, the Corporation entered into a farm-out agreement with Goldplay whereby Goldplay can earn a 70% interest in the Corporation’s Scottie West property by making aggregate cash payments of \$500,000, issuing common shares of Goldplay to the Corporation with a total value of \$500,000 and incurring a minimum of \$1,000,000 of exploration expenditures on the property over a four-year period, as follows:

	<b>Cash payment</b>	<b>Share issuance</b>	<b>Work commitment</b>
	\$	\$	\$
Upon closing	25,000 (received)	25,000 (received)	N/A
By November 20, 2021	25,000 (received)	50,000 (received)	200,000 (completed)
By November 20, 2022	50,000	75,000	100,000 (completed)
By November 20, 2023	150,000	150,000	300,000
By November 20, 2024	<u>250,000</u>	<u>200,000</u>	<u>400,000</u>
	500,000	500,000	1,000,000

During the nine months ended September 30, 2021, the Corporation received an amount of \$15,391 from Goldplay as a reimbursement for certain exploration expenditures the Corporation incurred in 2020. The Corporation recorded this amount as exploration and evaluation asset recovery.

**COAST COPPER CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(Unaudited - Expressed in Canadian dollars)

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**a) BRITISH COLUMBIA (continued)**

**iii) SCOTTIE WEST PROPERTY (continued)**

Upon Goldplay's successful completion of the farm-out, the Corporation and Goldplay were to form a joint venture on the property. The Corporation was to retain a 2% NSR royalty of which Goldplay could repurchase half of the NSR royalty for \$2,000,000 at any time after a production decision was to be made.

On November 20, 2022, the Corporation received notice from Goldplay that it will not be continuing with the farm-out agreement, and consequently the farm-out agreement was terminated.

**iv) STERLING PROPERTY**

The Corporation owns a 100% interest in one mineral claim located near Houston, BC, called the Sterling property, with a carrying value of \$Nil at September 30, 2022. In November 2022, the Corporation allowed the Sterling property claim to expire.

**v) HOME BREW PROPERTY**

The Corporation owns a 100% interest in one mineral claim located in south central BC, called the Home Brew property, with a carrying value of \$2,500 at September 30, 2022.

**vi) KNOB HILL PROPERTY**

The Corporation owns a 100% interest in certain claims located on northern Vancouver Island called the Knob Hill property, with a carrying value of \$8,120 at September 30, 2022.

**vii) SANDY PROPERTY**

In March 2021, the Corporation staked the Sandy property located in southeastern BC, close to the town of Nelson. Total cost of the staking was \$1,066. In January 2022, the Corporation allowed the Sandy property claims to expire and wrote off the carrying amount of \$1,066.

**viii) JACOBIE AND POLLEY EAST PROPERTIES**

In January 2022, the Corporation staked the Jacobie and Polley East properties both located in central BC. Total cost of the staking was \$1,583 and \$722, respectively. In June 2022, the Corporation sold the Jacobie and Polley East claims for \$1,583 and \$722, respectively. The Corporation has retained a 1% NSR royalty on both properties, of which half of each NSR royalty can be repurchased for \$750,000.

**ix) SHOVELNOSE PROPERTY**

In April 2022, the Corporation staked the Shovelnose South property located in south-central BC. Total cost of the staking was \$34,878.

**b) SASKATCHEWAN**

**GENESIS PROPERTY**

The Corporation owns a 50% interest in the Genesis property, with a carrying value of \$Nil, located in the Athabasca Basin region of Canada.

**COAST COPPER CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

(Unaudited - Expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Exploration and evaluation assets**

A summary of the changes in exploration and evaluation assets is presented below:

	Empire Mine	Gin	Eldorado	Bonanza	Home Brew	Knob Hill	Sandy	Jacobie	Polley East	Shovelnose	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	238,830	198,000	398,238	66,000	2,500	6,974	1,066	-	-	-	<b>911,608</b>
Option payments	150,000	-	-	-	-	-	-	-	-	-	<b>150,000</b>
Issuance of shares	36,000	-	-	-	-	-	-	-	-	-	<b>36,000</b>
Staking	361	1,272	-	-	-	1,146	-	1,583	722	34,878	<b>39,962</b>
Write-off	-	-	-	-	-	-	(1,066)	-	-	-	<b>(1,066)</b>
Sale of mineral claims	-	-	-	-	-	-	-	(1,583)	(722)	-	<b>(2,305)</b>
Change during the period	186,361	1,272	-	-	-	1,146	(1,066)	-	-	34,878	<b>222,591</b>
Balance, September 30, 2022	<b>425,191</b>	<b>199,272</b>	<b>398,238</b>	<b>66,000</b>	<b>2,500</b>	<b>8,120</b>	-	-	-	<b>34,878</b>	<b>1,134,199</b>

**COAST COPPER CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(Unaudited - Expressed in Canadian dollars)

**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Exploration expenditures**

The Corporation's exploration expenditures for the nine months ended September 30, 2022 were as follows:

	Empire	Gin	Eldorado	Home Brew	Knob Hill	Sterling	Shovelnose	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Analysis	149,127	-	-	-	-	-	-	<b>149,127</b>
Camp	28,159	-	-	-	-	-	60	<b>28,219</b>
Communications	4,815	-	-	-	-	-	-	<b>4,815</b>
Community engagement	4,855	139	185	-	-	-	-	<b>5,179</b>
Drilling	412,248	-	-	-	-	-	-	<b>412,248</b>
Field equipment	19,750	-	-	486	-	-	486	<b>20,722</b>
Fuel	26,690	-	-	-	-	-	206	<b>26,896</b>
Geological consulting	233,069	270	231	1,501	6,993	240	6,161	<b>248,465</b>
Geophysics	49,392	-	-	-	-	-	-	<b>49,392</b>
Labour and benefits	32,448	-	-	-	-	-	-	<b>32,448</b>
Overhead	78,752	-	-	-	-	-	37	<b>78,789</b>
Surveys	14,199	-	-	-	-	-	-	<b>14,199</b>
Travel and transport	32,699	-	-	110	-	-	110	<b>32,919</b>
	<b>1,086,203</b>	<b>409</b>	<b>416</b>	<b>2,097</b>	<b>6,993</b>	<b>240</b>	<b>7,060</b>	<b>1,103,418</b>

**5. SHARE CAPITAL**

**a) Authorized**

An unlimited number of common shares without par value  
An unlimited number of preference shares without par value

**b) Share issuance details**

***Nine months ended September 30, 2022***

On September 30, 2022, the Corporation completed a non-brokered private placement offering of a total of 8,000,000 units of the Corporation at an issue price of \$0.05 per unit for gross proceeds of \$400,000. Each unit consisted of one common share in the capital of the Corporation and one non-transferable common share purchase warrant, with each warrant entitling the holder to acquire an additional common share of the Corporation at an exercise price of \$0.10 per share until September 28, 2024. Share issue costs totaled \$8,503 including a finder fee of \$500.

On September 21, 2022, the Corporation issued 600,000 common shares of the Corporation with a value of \$36,000 to Mirva pursuant to the Empire Option Agreement.

In March 2022, 105,000 common shares of the Corporation were issued pursuant to the exercise of 105,000 warrants with an exercise price of \$0.10 per share for proceeds of \$10,500.

***Nine months ended September 30, 2021***

On September 30, 2021, the Corporation issued 400,000 common shares of the Corporation with a value of \$36,000 to Mirva pursuant to the Empire Option Agreement.

**COAST COPPER CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(Unaudited - Expressed in Canadian dollars)

**5. SHARE CAPITAL** (continued)

**c) Stock options**

The Corporation has a rolling long-term incentive plan (“LTIP”) whereby the Corporation may grant certain awards to directors, officers, employees and consultants, including stock options, to an aggregate maximum of 10% of the common shares outstanding at the time of the grant. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price \$
Balance, December 31, 2021	4,090,000	0.13
Granted	100,000	0.12
Balance, September 30, 2022	<u>4,190,000</u>	<u>0.13</u>

The following stock options were outstanding as at September 30, 2022:

Outstanding	Exercisable	Weighted average Exercise Price (outstanding) \$	Expiry Date	Weighted average remaining life (in years)
1,375,000	1,375,000	0.18	June 1, 2025	2.67
200,000	200,000	0.18	January 11, 2026	3.28
2,515,000	1,886,250	0.10	October 28, 2026	4.08
100,000	25,000	0.12	April 8, 2027	4.52
<u>4,190,000</u>	<u>3,486,250</u>	<u>0.13</u>		<u>3.59</u>

**d) Share purchase warrants**

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2021	12,500,402	0.21
Issued	8,000,000	0.10
Expired	(4,897,250)	0.30
Exercised	(105,000)	0.10
Balance, September 30, 2022	<u>15,498,152</u>	<u>0.12</u>

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**5. SHARE CAPITAL** (continued)

**d) Share purchase warrants** (continued)

The following warrants were outstanding as at September 30, 2022:

Outstanding	Exercisable	Exercise Price	Expiry Date
		\$	
7,498,152	7,498,152	0.15	May 25, 2023
8,000,000	8,000,000	0.10	September 28, 2024
<u>15,498,152</u>	<u>15,498,152</u>		

**e) Share-based payments expense**

The share-based payments expense for the stock options, based on vesting schedules, during the nine months ended September 30, 2022 was \$103,920 (2021: \$23,635).

The fair value of the stock options that were granted during the nine months ended September 30, 2022 and 2021 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2022	2021
Risk-free interest rate	2.62%	0.33%
Expected stock price volatility	83%	93%
Expected dividend yield	0.0%	0.0%
Expected option life in years	5.0	5.0

The weighted average fair value at grant date of options granted during the nine months ended September 30, 2022 was \$0.08 (2021: \$0.12).

Expected volatility is based on historical price volatility to the extent of the expected life of the option.

During the nine months ended September 30, 2022, the Corporation reclassified \$Nil (2021: \$46,822) from other equity reserves to deficit with respect to options that were forfeited.

During the nine months ended September 30, 2022, the Corporation reclassified \$2,119 (2021: \$73) from other equity reserves to share capital pursuant to warrants that were exercised.

During the nine months ended September 30, 2022, the Corporation reclassified \$46,845 (2021: \$Nil) from other equity reserves to deficit with respect to warrants that expired.

**6. FLOW-THROUGH SHARE PREMIUM LIABILITY**

A summary of the changes in the Corporation's flow-through share premium liability was as follows:

	\$
Balance December 31, 2021	116,837
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	<u>(116,837)</u>
Balance, September 30, 2022	<u>-</u>

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**6. FLOW-THROUGH SHARE PREMIUM LIABILITY** (continued)

As at September 30, 2022, the Corporation had satisfied its requirement to spend the qualified Canadian exploration expenditures pursuant to the private placement of flow-through units that was completed on November 26, 2021.

**7. SUPPLEMENTAL CASH FLOW INFORMATION**

The net change in non-cash operating working capital balances for the nine months ended September 30 consisted of the following:

	2022	2021
	\$	\$
Receivables	62,075	15,078
Prepaid expenses	50,302	(30,983)
Accounts payable and accrued liabilities	(20,742)	(38,915)
	<u>91,635</u>	<u>(54,820)</u>

The non-cash investing transaction for the nine months ended September 30, 2022 consisted of the Corporation issuing 600,000 common shares (2021: 400,000) with a value of \$36,000 (2021: \$36,000) to Mirva pursuant to the Empire Option Agreement.

**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Corporation examines the various financial instruments to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk and market risk (including interest rate, currency and other price risk). The risk related to financial instruments is managed by senior management of the Corporation under directions approved by the Board. The Corporation's Board has not approved the use of derivative financial products.

**Financial instruments**

Cash, receivables, reclamation deposit and accounts payable and accrued liabilities are carried at amortized cost as they approximate their fair values due to the short-term nature of the financial instruments. Marketable securities are measured using level 1 of the fair value hierarchy.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

**Financial risk factors**

The Corporation's risk exposures and the impact on the Corporation's financial statements is summarized below:

**a) Credit risk**

Financial instruments that potentially subject the Corporation to a significant concentration of credit risk consist primarily of cash and receivables. The Corporation limits its exposure to credit loss by placing its cash with a major Canadian bank.

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**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)

**Financial risk factors** (continued)

**b) *Liquidity risk***

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The Corporation is exposed to liquidity risk and manages it through the management of its capital structure, as outlined below. All of the Corporation's current financial liabilities are anticipated to mature within the next fiscal period. The Corporation intends to settle these with funds from its positive working capital position. The Corporation remains exposed to liquidity risk.

**c) *Market risk***

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity prices, equity prices, and foreign currency fluctuations.

**(i) *Interest rate risk***

Interest rate risk on cash is minimal because these investments generally have a fixed yield rate. As at September 30, 2022, the Corporation did not have any interest-bearing debt.

**(ii) *Foreign currency risk***

The Corporation could be exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2022, the Corporation did not have any significant exposure to foreign currencies and so considers foreign currency risk insignificant to the Corporation at present.

**(iii) *Price risk***

The Corporation may at times have limited indirect exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

**9. CAPITAL MANAGEMENT**

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Corporation's strategy remains unchanged from the year ended December 31, 2021.

The Corporation considers the items included in shareholders' equity as capital. The Corporation manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board.



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**9. CAPITAL MANAGEMENT**

In order to maximize ongoing exploration efforts, the Corporation does not pay dividends. The Corporation's treasury management policy is to invest its cash in highly rated liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

The Corporation is not subject to externally imposed capital requirements.

**10. RELATED PARTY TRANSACTIONS**

*Key management compensation*

Key management personnel at the Corporation are the Directors and Officers of the Corporation. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

In addition to key management personnel, the Corporation transacted with the following related parties during the nine months ended September 30, 2022 and/or 2021:

- Cazador Resources Ltd. ("**Cazador**"), a private company controlled by the Corporation's CEO, Adam Travis;
- Thomas Morgan & Co Ltd. ("**TMCL**"), a private company controlled by the Corporation's Chair of the Board, Fletcher Morgan; and
- TSquared Accounting Inc. ("**TSquared**"), a private company controlled by the Corporation's CFO, Tim Thiessen.

**a) Related Party Transactions**

The Corporation's related party transactions for the nine months ended September 30 were as follows:

		2022	2021
		\$	\$
Consulting fees	1	55,250	121,008
Director fees	2	49,500	-
Equipment rentals (exploration)	3	3,692	3,534
Geological fees	4	57,109	71,742
Salaries	5	67,500	-
Share-based payments expense	6	68,028	23,635
		301,079	219,919

- 1 Consulting fees for the nine months ended September 30, 2022, consisted of \$55,250 (2021: \$56,333) earned by the CEO, Mr. Travis through Cazador, \$Nil (2021: \$58,500) earned by the CFO, Mr. Thiessen through TSquared and \$Nil (2021: \$6,175) earned by the Corporation's Office Manager through Cazador.
- 2 Director fees consisted of amounts of \$22,500 earned by Mr. Morgan through TMCL and \$13,500 earned by each of the Corporation's independent Board members, Messrs. Dale Wallster and Dan Berkshire.
- 3 Equipment rentals consisted exclusively of rentals from Cazador.
- 4 Geological fees consisted of fees of \$57,109 (2021: \$61,342) earned by the CEO through Cazador, and \$21,000 (2021: \$10,400) earned by a director of the Corporation, Dan Berkshire, all of which were included in exploration expenditures.
- 5 Salaries consisted exclusively of amounts earned by the CFO, Mr. Thiessen.
- 6 Share-based payments expense is a non-cash item that consisted of the fair value of stock options that have been granted to key management personnel.

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**10. RELATED PARTY TRANSACTIONS** (continued)

**b) Related Party Balances**

Related party balances, which are included in accounts payable and accrued liabilities on the condensed interim statement of financial position, consisted of the following:

	September 30, 2022	December 31, 2021
<b>Current liabilities</b>	<b>\$</b>	<b>\$</b>
Due to Cazador	63,036	38,454
Due to Directors	18,000	-
Due to TSquared	-	6,825
	<u>81,036</u>	<u>45,279</u>

**11. SUBSEQUENT EVENTS**

- a) On October 18, 2022, the Corporation completed the sale of its 100% interest in the Red Chris Properties to an arms-length reporting issuer (the "**Purchaser**") for an aggregate purchase price of \$3,000,000 in cash and shares ("**Purchase Price**").

As part of the Purchase Price, the Corporation has received the first tranche cash payment of \$250,000 and common shares of the Purchaser with an aggregate value of \$250,000. Under the terms of an asset purchase agreement, at each six-month anniversary of the closing date ("**Closing Date**"), ending 30 months from the Closing Date, the Purchaser shall pay Coast Copper \$250,000 in cash and shall issue Purchaser common shares to Coast Copper with an aggregate value of \$250,000, based on the 20-day volume-weighted average trading price of the Purchaser common shares for the trading days ending on the date that is two business days prior to each payment date.

The Red Chris Properties are subject to a 2% net smelter returns royalty, half of which is owned by Cazador. The Purchaser shares issued under the transaction will be subject to a hold period expiring four months and one day from the date of issuance.

- b) On November 24, 2022, the Corporation granted a total of 1,455,000 stock options to Directors, Officers, employees and consultants of the Corporation, with each stock option exercisable into one common share of the Corporation at a price of \$0.05 per share until November 24, 2027.